

Bill 40 Testimony

MISC. COM. 204



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April 15, 2020

Honolulu City Council
Hon. Ikaika Anderson, Chair
Hon. Ann Kobayashi, Vice Chair

Testimony in **STRONG OPPOSITION** re Bill 40
(2020): Relating to Community Workforce
Agreements

Chair Anderson, Vice Chair Kobayashi and
members of the committee:

My name is Malcolm Barcarse, Jr. I am the
Chair of the Legislative Committee for Associated
Builders and Contractors Hawaii Chapter, an
organization of over 150 members that provide
State of Hawaii approved apprenticeship training
for non-union companies that comprise over two-
thirds of the Construction industry in Hawaii.

At a time of a global pandemic, which has
forced the City to implement a stay at home, work
at home order, the consequences of which has
already led to initial unemployment filings to
skyrocket to over 200,000 claims which is likely to
continue for the foreseeable future, it is
unconscionable that the City Council would
consider rehashing a bill that would shut out two-
thirds of the construction industry from many of the
Construction projects in the City and County of
Honolulu, which is absolutely critical to
resurrecting the local economy. Furthermore,
limiting competition in State procurement through
this bill will results in higher bids for City projects
which is the last thing the City needs as it will likely
face significant budget pressures during this
pandemic.

Last year another version of this bill (Bill 37
of 2019) was allowed to pass and become law
without the Mayor's signature or the Corporation
Counsel's approval, due to legal concerns and the
impact that it would have on non union contractors.
The legal concerns have not been changed as a part
of this new bill. Regulation of and changes



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America's Best Contractors

Page 2

April 15, 2020

Testimony of Associated Builders and Contractors

to the procurement code HRS 103D is an area of law that is fully occupied by the State. *See Richardson vs City and County of Honolulu 76 Haw 46, 868 P.2d 1193 (1994.)* The City has no authority to pass a regulation like this. These are procurement laws that are promulgated by the State not the City.

Due to the harm that this bill will cause to local companies such as our members and to the City we ask that this bill be HELD and eventually that Bill 37 of 2019 be repealed. Thank you for the opportunity to testify.



Leading Hawaii To A Safer Place

April 14, 2020

Chair and the Members of the Honolulu City Council
Honolulu Hale
530 South King Street, Room 202
Honolulu, HI 96813

Dear Councilmembers,

RE: Testimony in STRONG OPPOSITION to Bill 40 Relating to Community Workforce Agreements (CWA)

I am submitting testimony in strong opposition to Bill 40 (2020) — RELATING TO COMMUNITY WORKFORCE AGREEMENTS. As a local girl growing up in Hawaii, I've come a long way from my days at Moanalua High School. This year I was awarded the **2020 SBA Hawaii Leader of the Year** and have been a **Hawaii Business Magazine Best Places to Work since 2013**. I'm extremely proud of our organization and would not have come this far had it not been for all our employees — past and present.

As a small, woman-owned, disadvantaged (DBE) business in the State of Hawaii I am very concerned about this bill. Our company, Integrated Security Technologies (IST) is a licensed low-voltage electrical contractor (C-15) and does a tremendous amount of State and City work — some under the State of Hawaii DBE (disadvantaged business enterprise) program. We have been performing quality work in Hawaii for over 20 years without issue and have over 40 employees.

Why should this bill pass? I've read all the points of discussion and offer my viewpoint to each of them.

They say that local infrastructure projects should be composed primarily of local workers. I couldn't agree more. But how does this bill ensure this? IST only employs local workers — partly because it's the right thing to do to support our community but also because it's expensive to hire non-residents. And hiring local workers is actually already a Hawaii State Law (HRS 103B).

They say labor unions provide fair wages and benefits. I'm sure they do. But that doesn't mean that non-union companies don't. We offer better than fair wages and benefits — and it's represented in our ability to continue to win Hawaii Business Magazine Best Places to work since 2013 and Pacific Business News Best Workplaces since 2018. That means independent third-party organizations confirm we offer the best to our employees. IST also offers great benefits including a 401k plan where IST contributes all fringe benefits (as a part of the Davis-Bacon wage fringe), automatic 3% AND profit sharing. What happens to that vesture of those funds if

Page 2 of 3

Integrated Security Technologies Inc.

04/14/20

the employee is paying union dues? What happens to the other generous benefits we offer like a great PTO program and the best of the best healthcare and dental plans.

They say that CWA's ensure a qualified and well-trained workforce. This bill states that "the construction crafts that work on public works projects require a supply of new apprentices to perpetuate those crafts into the future." Yet no union in Hawaii has been able to train our labor force with the skillsets we need. Our employees are a cross breed, requiring both electronics skills and IT skills. We train our **OWN** employees, using out **OWN** money, right out of high school. These employees have a genuine opportunity for long-term, well-paid careers in the construction industry **WITHOUT** having to commit years to a union or pay union dues.

They say labor unions provide continuing education opportunities and mandatory certification update classes. 4 hours is all that is required for continuing education for an electrician. We provide over 100 hours of mandatory training **PER YEAR** for our technicians. Training includes technical, safety, leadership, customer service, and various other educational opportunities that are of interest to our employees. That means we are providing 2500% more training than the electrical union.

They say that CWA's guarantee that projects will continue without interruption, disruption, or delay resulting from a dispute between labor and management. I cannot believe this is even an issue. I have never had any of our employees disrupt or delay a project due to a dispute between labor and management. In fact, as of today NONE of our employees has stopped working due to the COVID-19 pandemic. Each of our employees want to come to work and if there ever was an issue, we would address it immediately. We don't have a union, a union boss or any other bureaucracy that would create a disruption.

They say that CWA's do not create more expensive projects because everyone is on prevailing wage. If that were true than every bid would be the same dollar amount. Prevailing wage guarantees the wage that is paid to the employee (which is good) but it doesn't discuss overhead, efficiency, or benefits. To say CWA's don't create more expensive projects is contrary to most research out there on the issue. See prior submitted testimony from the Grassroots Institute of Hawaii.

I will end with this about IST - we also offer paid internships, hire military veterans and national guardsmen, and have a "try it before you commit" program (work for two weeks with no commitment to see if you like it). I have even engaged the local community colleges and Associated Builders and Contractors (ABC) about starting a program for potential employees for our industry and other low-voltage industries like fire, building controls, audio/visual, and telecommunications.

Our company has been growing 20% per year and we don't see any end to the growth potential for our company and our employees - present and future. Do you really

Page 3 of 3

Integrated Security Technologies Inc.

04/14/20

want to hurt the small construction businesses in Hawaii, like IST, that supply you with tax revenue?

But this bill isn't about union versus non-union. It's about government overreach trying to find a solution to a problem that doesn't exist.

Our 40+ employees are non-union, and this proposed bill would essentially exclude us from bidding these projects in the future. That would impact my business along with other woman/minority owned, small disadvantages businesses in Hawaii.

Mahalo,



Christine Lanning, MSIS, PSP
President

Hawai'i Construction Alliance

P.O. Box 179441
Honolulu, HI 96817
(808) 220-8892

April 15, 2020

The Honorable Ikaika Anderson, Chair
The Honorable Ann Kobayashi, Vice Chair
and Members
Honolulu City Council
530 South King Street,
Honolulu, Hawai'i 96813

RE: COMMENTS for Bill 40 (2020)

Dear Chair Anderson, Vice Chair Kobayashi, and members:

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Operative Plasterers' and Cement Masons' Union, Local 630; International Union of Bricklayers & Allied Craftworkers, Local 1; the Laborers' International Union of North America, Local 368; and the Operating Engineers, Local Union No. 3. Together, the member unions of the Hawai'i Construction Alliance represent 15,000 working men and women in the basic crafts of Hawai'i's construction industry.

We want to provide comments on Bill 40 which amends the Revised Ordinances of Honolulu regarding a Community Workforce Agreement for the City and County of Honolulu.

First, we should reiterate that Construction counts a significant and strategic piece of the local economy and is one of the largest employers in Honolulu. In fact, construction jobs make up a substantial part of what are considered "middle class" jobs in this city. Honolulu's public works projects are a critical source of construction spending and jobs that provide a decent wage to local families struggling to make it in Oahu.

In our testimony in support of Bill 37 which passed last year, we mentioned "the cyclical nature of the private construction market leaves many local families exposed to the risks of unemployment and homelessness", and that "the public works construction market provided a stable and predictable source of jobs" during a recession.

Now we are facing an economic crisis far greater than the financial panic in 2009, and construction remains one of the few sources of employment for locals.

In fact the current crisis is on par with the Great Depression, with tens of thousands of people applying for unemployment benefits.

Bill 40 seems to address some of the concerns regarding procurement that were raised by Honolulu Corporation Counsel with the passage of the ordinance in November 2019.

It should be noted that Community Workforce Agreements were created during the Great Depression to ensure that members in the local community were used to build infrastructure projects and stimulate the local economy.

Given the enormous economic damage that COVID 19 has brought to the state economy and the threat that out-of-state workers can bring a new wave of infections to the islands, CWAs for Honolulu infrastructure projects will ensure that these critical jobs go to local workers.

Therefore, we wanted to offer comments on your Bill 40 (2020).

Mahalo,

A handwritten signature in black ink, appearing to read 'Nathaniel Kinney', with a stylized flourish at the end.

Nathaniel Kinney
Executive Director
Hawai'i Construction Alliance
execdir@hawaiiconstructionalliance.org



LiUNA!

April 14, 2020

Honolulu City Council Regular Meeting

Date: April 15, 2020

Time: 10:00 am

Place: City Council Chamber

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*Business Manager/
Secretary-Treasurer*

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Auditor

MARK TRAVALINO
Auditor

ALFRED HUFANA JR.
Sergeant-At-Arms

RE: BILL 40 RELATING TO COMMUNITY WORKFORCE AGREEMENTS

Chair Anderson, Vice-Chair Kobayashi and Councilmembers,

The Hawaii Laborers' Union; Local 368 **supports** Bill 40 Relating to Community Workforce Agreements.

Community Workforce Agreements are more important now than ever before, as we all know construction is one of the key economic indicators as to a healthy economy as well as a key indicator of a recovering economy. In general, construction leads the way to economic recovery.

Organized labor on construction projects not only provides the opportunity to have more on-time, on-budget, and higher quality projects delivered to the City and County of Honolulu, but organized labor also provides good pay, medical benefits, and retirement for its members. This eases the burden, especially in present times, on government services (Unemployment, Medicaid, SNAP) that are already stressed to their limits under the COVID-19 threat.

Therefore, the Hawaii Laborers' Union believes that it is in the interest of the State's present economy, and an economy soon to be on the mend, that we respectfully request that this Council **pass Bill 40 (2020).**

LIUNA Local 368
1617 Palama Street
Honolulu, HI 96817
Phone: (808) 841-5877
Fax: (808) 847-7829
www.local368.org

Feel the Power



**TESTIMONY TO THE HONOLULU CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU HALE, COUNCIL CHAMBERS
10:00 AM**

April 15, 2020

RE: Bill No. 40, Relating to Community Workforce Agreements.

Honorable Ikaika Anderson, Chair, Ann Kobayashi, Vice Chair and members of the Council:

My name is Dwight Mitsunaga, 2020 President of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii. Our members build the communities we all call home.

BIA-Hawaii supports Bill No. 40, which proposes to amend Ordinance 19-24 by making Community Workforce Agreements optional as opposed to mandatory, as required in the existing Ordinance 19-24.

We believe the proposed amendment would create more opportunities for all businesses involved in the City's construction projects.

We are in support of Bill No. 40 and appreciate the opportunity to provide comments on this matter.